



**Idaho State Liquor Dispensary
Procurement, Pricing and Distribution Division
P.O. Box 179001
1349 E. Beechcraft Ct.
Boise, Id. 83717-9001
208-947-9400
FAX: 208-947-9401**

DOING BUSINESS WITH THE IDAHO STATE LIQUOR DISPENSARY

A guide for prospective suppliers.

INTRODUCTION:

The Idaho Liquor Dispensary is the state agency responsible for the importation, distribution and sales of distilled spirits in Idaho. Idaho is one of 18 "control" states in the US. Spirits are broadly defined as products containing more than 14% alcohol, including spirits and fortified wines. We do not utilize a Liquor Control Board or a Commission, instead the Governor appoints the Superintendent who serves as chief executive officer. Currently Mr. James H. "Dyke" Nally holds the position of Superintendent.

The Dispensary sells products through its 163 outlets. 61 outlets are state liquor stores staffed by Dispensary employees. 102 outlets are located in private businesses selling Dispensary-owned products. Dispensary outlets sell to retail customers and to the on-premise, liquor-by-the-drink licensees.

The Dispensary is responsible for the importation and sale of spirits. The Alcohol Beverage Control Division of the Idaho State Police is responsible for the enforcement and regulation of the beer, table wine and on-premise sections of Idaho law.

NEW PRODUCT LISTINGS

We don't license or issue permits to prospective suppliers. We don't charge for importers licenses or any fee to do business with ISLD. Instead we consider products periodically and if a product is selected we establish a business relationship with the supplier or importer.

We consider new products at times set by the Dispensary. There is no pre-set schedule of meetings, but we generally meet two to three times a year in a formal listing session. We set the meetings and announce the location and dates approximately 30 days ahead

of time on the ISLD website. The announcement will be made only on the ISLD website: www.liquor.idaho.gov.

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We also establish and communicate how many products can be presented. Any supplier or importer can request an appointment during the listing meetings.

We require that suppliers provide us with a minimum of three things to support the listing presentation. We require a *New Product Information Sheet* and an *NABCA Standard Price Quotation and two color photos of the product being presented*. The *Info Sheet* and *Quote* form are available from our office and on the ISLD website.

It is critical that a Control State Code number, (provided by the National Alcohol Beverage Control Association) be shown on the price quotation at the time of the listing presentation. If the Control State Code is not available at the time of the presentation we may be unable to consider the proposed product.

NEW PRODUCT CONSIDERATION AT LISTING MEETINGS

The listing committee consists of purchasing division employees, store and district management personnel. The recommendation of the committee is advisory and not binding on the Superintendent. The Superintendent can also list products at any time with or without listing presentations.

It is incumbent on prospective suppliers to watch the ISLD website for listing meeting announcements, this will be the only notice provided to prospective suppliers.

IF PRODUCTS ARE SELECTED

If a product is selected for listing it will be given an eighteen month trial period in the market before it becomes a permanent listing. At the listing meeting you will provide sales goals for the first three, six, nine and twelve months and identify the marketing efforts you will employ to help introduce the new product. If a newly listed product fails to achieve goals set by ISLD it may be de-listed at the end of the trial period.

Each new product is given an initial allocation to the state liquor stores based on purchase price. New products aren't normally allocated to our private agency stores.

If a product doesn't become permanent, and is closed out, the supplier will be required to remove any remaining bailment inventory.

INVENTORY MANAGEMENT—BAILMENT WAREHOUSE

The majority of warehouse stock in the Dispensary's warehouse in Boise is supplier-owned under bailment agreements. Bailment is the preferred method of supplying stock to the Dispensary and we will consider the direct purchase of warehouse stocks only if absolutely necessary.

Warehouse inventories are maintained in cooperation with suppliers. Some suppliers maintain their own warehouse inventories, some rely on their Idaho broker or representative and our staff maintains and orders the rest of the inventory.

We summarize bailment withdrawals to our stores twice monthly: on or about the 15th of the month and on the last workday of the month.

DOING BUSINESS WITH THE IDAHO STATE LIQUOR DISPENSARY (Continued)

We send withdrawal notices to all bailment suppliers and ask that they in turn submit invoices for payment. We will not pay off our own self-generated bailment withdrawal notices. We must have payment invoices from your business.

We normally pay within 30 days of receipt of your payment invoice. This payment schedule is not set in concrete and we may agree to more prompt payment if terms are acceptable to the supplier and the Dispensary.

A bailment agreement between the Dispensary and a new supplier will be executed before the initial purchase order is processed.

IN-STATE SALES REPRESENTATION

We require that suppliers have an in-state sales representative for the products we list. Having an employed salesperson or broker satisfies this requirement.

It isn't necessary to have an in-state representative to present new products for our consideration. In-state representation will be necessary for any new product that is listed. If a product is selected for listing it will not be distributed until an in-state representative is named.

PRODUCT PRICING

We utilize a two-tier pricing structure on spirits and fortified wines.

Products containing less than 30 proof (15% alcohol) have a 35% mark-up and plus applicable bottle handling charges.

Products greater than 30 proof (15% alcohol) have a 73% mark-up plus applicable bottle handling charges.

The Dispensary also maintains floor pricing for all categories and sizes. These floor prices vary with each category and size and insure a firm minimum selling price. If the retail price calculation doesn't yield the floor price the price will be increased to the floor level.

Detailed pricing formulas are available from ISLD.

FOR MORE INFORMATION:

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Please don't hesitate to contact the Procurement and Distribution Division for more information. Please call us at (208) 947-9400 or fax us at (208) 947-9401.

PREPARED BY:

Bill Applegate, Product Manager bill.applegate@liquor.idaho.gov

**IDAHO STATE LIQUOR DISPENSARY
NEW PRODUCT INFORMATION SHEET**

1. Product Name..... Size.....Retail Price.....
2. Control State Code (Mandatory).....
Supplier.....
3. New Listing?.....Size Extension?.....New Package?.....Chg. from Special?.....
4. Comparable Products:.....Retail Price
.....Retail Price
5. Was this product listed before? NoYes.....If yes, when?
6. Is this a Value Priced Product?YesNo
7. Your case sales projection for this product:
.....3 mo.6 mo.9 mo.12 mo.
8. What marketing activities will be employed to help launch and support this product?
.....
.....
9. Is this product now produced and ready for immediate ordering if listed?Yes
.....No
10. Is this targeted for Licensee or Retail customers?Licensee.....Retail.....Both
11. **Why should this be listed?**.....
.....
.....
12. Do you plan to offer Special Purchase Allowances on this product in the following months?
Jan:.....Feb:.....Mar:.....Apr:.....May:.....Jun:.....Jul:.....Aug:.....Sep:.....Oct:.....
Nov:.....Dec:.....No plans to offer SPA's:.....
Rev: 5/9/2008

13. Indicate which Northwest states now offer this product:

.....Wn.Or.Mont.Ut.Wy.

Submitted By:.....Date:.....

Representing:.....